

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 08217 290927 Z

42

ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ADP-00 ARA-11 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 CEA-02 IO-13

NEA-10 NSC-10 SS-15 STR-08 RSR-01 /180 W

----- 083028

R 290800 Z JUN 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 4914

INFO USMISSION OECD PARIS

UNCLAS TOKYO 8217

PASS AID

E. O. 11652: N/ A

TAGS: EAID, JA

SUBJECT: JAPAN' S FINANCIAL FLOWS TO DEVELOPING COUNTRIES IN 1972

SUMMARY. JAPAN' S FINANCIAL FLOWS TO DEVELOPING COUNTRIES IN 1972 INCREASED BY 27 PERCENT IN DOLLAR TERMS OVER 1971 TO \$2,725 MILLION PRINCIPAL IMPETUS IN INCREASE CAME FROM FOREIGN INVESTMENT (DIRECT AND LOANS) AT LEVEL OF \$1,109 MILLION, TWICE THAT OF 1971, AND LOANS (OFFICIAL AND MARKET) TO MULTILATERAL AGENCIES OF \$542 MILLION, 47 PERCENT INCREASE OVER 1971. GRANT AID ALSO INCREASED BY 51 PERCENT TO \$293 MILLION. NET EXPORT CREDITS DISBURSEMENTS SHOWED SHARP DECREASE, PRESUMABLY AS BORROWERS ADVANCED PAYMENTS DUE TO UNCERTAINTY OF YEN' S FUTURE HOWEVER, WHILE ABOVE FIGURES IN DOLLAR TERMS, YEN INCREASED WERE SUCH THAT RATIO OF FLOWS TO GNP AND DECREASED TO 0.93 PERCENT FROM 1971' S 0.96 PERCENT. AND RATIO OF OFFICIAL DEVELOPMENT ASSISTANCE (ODA) TO GNP DECLINED TO 0.21 PERCENT FROM 1971' S 0.23 PERCENT, DESPITE OVERALL INCREASE IN AMOUNT. ON COMMITMENTS BASIS, ODA CONTINUED ADVANCE, WITH GOJ AID RISING TO JUST OVER BILLION DOLLAR MARK FOR FIRST TIME, END SUMMARY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 08217 290927 Z

1. EMBASSY HAS RECEIVED COPY OF GOJ MEMORANDUM TO OECD/
DEVELOPMENT

ASSISTANCE COMMITTEE PREPARED FOR ANNUAL REVIEW OF JAPANESE AID IN JULY. THIS MESSAGE FORWARDS HIGHLIGHTS OF JAPAN' S FINANCIAL FLOWS TO DEVELOPING COUNTRIES DURING 1972.(IT SHOULD BE NOTED THAT COMPARISONS TO PREVIOUS YEAR IN DOLLAR TERMS SHOW LARGER SHIFTS THAN IF MADE IN YEN TERMS DUE TO REVALUATION OF YEN.)

2. TOTAL FINANCIAL FLOWS (DISBURSEMENTS) IN 1972 AMOUNTED TO \$2,725 MILLION, I. E. 27 PERCENT INCREASE OVER 1971. SINCE INCREASE WAS ONLY 12 PERCENT ON YEN BASIS, RATIO TO GNP WAS 0.93 PERCENT, DOWN FROM LAST YEAR' S 0.96 PERCENT..

3. OFFICIAL DEVELOPMENT ASSISTANCE. ODA DISBURSEMENTS IN 1972 WERE \$611 MILLION, I. E. UP BY 20 PERCENT OVER PREVIOUS YEAR. HOWEVER, RATIO TO GNP DROPPED FROM 0.23 PERCENT TO 0.21 PERCENT, A DISAPPOINTING DEVELOPMENT IN LIGHT GOJ' S AIM TO REACH 0. 70 PERCENT OF GNP IN ODA. DISBURSEMENTS OF GRANT AID, ON BILATERAL BASIS AND TO MULTILATERAL INSTITUTIONS, SHARPLY INCREASED BY 51 PERCENT TO \$293 MILLION. INCREASE CAN BE LARGELY ATTRIBUTED TO CONTRIBUTIONS TO DEVELOPMENT BANKS AND TO LESSER EXTENT INCREASED BILATERAL GRANT AID. ON OTHER HAND, LOAN DISBURSEMENTS, WERE VIRTUALLY UNCHANGED AT \$307 MILLION. THIS CAUSED BY REDUCED DISBURSEMENTS FOR LOANS TO PURCHASE JAPANESE RICE AND JAPANESE EXIM BANK DEVELOPMENT- TYPE LOANS, WHICH OFFSET BY DOUBLING OF OVERSEAS ECONOMIC COOPERATION FUND (JAPAN' S SOFT LOAN AGENCY) DISBURSEMENTS.

4. OTHER OFFICIAL FLOWS (OOF). OOF INCREASED 31 PERCENT TO \$856 MILLION. STRONGEST ELEMENT WAS 94 PERCENT INCREASE IN FINANCING FOR DIRECT INVESTMENT, WHICH ROSE TO \$265 MILLION. LOANS TO MULTILATERAL AGENCIES ALSO INCREASED SUBSTANTIALLY (BY 33 PERCENT) TO \$325 MILLION. EXPORT CREDIT DISBURSEMENTS DECLINED marginally TO \$266 MILLION.

5. PRIVATE SECTOR FLOWS. PRIVATE FLOWS INCREASED 29 PERCENT TO \$1,258 MILLION.

(A) MOST STRIKING INCREASE WAS IN PRIVATE INVESTMENTS, WHICH ROSE 137 PERCENT TO \$844 MILLION. OF PARTICULAR INTEREST IS FACT THAT THIS FIGURE COMPOSED MOSTLY OF BANK LOANS TO PRIVATE FIRMS,
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 TOKYO 08217 290927 Z

FOREIGN GOVERNMENTS AND CENTRAL BANKS AT \$640 MILLION, I. E. 377 PERCENT INCREASE OVER PREVIOUS YEAR. HALF THIS FIGURE WAS DIRECTED TOWARD LATIN AMERICA, REFLECTING RAPID INCREASE IN JAPAN' S ECONOMIC INTERESTS IN THAT AREA. DIRCT INVESTMENTS DECREASED SLIGHTLY TO \$204 MILLION AND WERE LARGELY ORIENTED TOWARD EAST ASIAN COUNTRIES

AND BRAZIL.

(B) EXPORT CREDITS DISBURSEMENTS SHOWED SHARP DECREASE OF 61 PERCENT TO \$190 MILLION. DECLINE APPARENTLY DUE TO INCREASED REPAYMENTS, NOT DECREASING GROSS DISBURSEMENTS. PRESUMABLY, BORROWERS ADVANCED REPAYMENT OF LOANS IN ANTICIPATION OF YEN REVALUATION. MEMORANDUM NOTES THERE HAS BEEN TREND SINCE 1969 OF INCREASING REPAYMENTS OF EXPORT CREDITS BUT WITHOUT OFFERING EXPLANATION. POSSIBLY BUNCHING OF REPAYMENTS ON SHORT TERM CREDITS MAY ALSO BE INVOLVED. PRIVATE MARKET LOANS TO MULTI-LATERAL AGENCIES ROSE TO \$217 MILLION, I. E. INCREASE OF 73 PERCENT.

6. COMMITMENTS. ODA COMMITMENTS IN 1972 ROSE 16 PERCENT TO \$1,018 MILLION, FIRST TIME GOJ AID HAS EXCEEDED BILLION DOLLARS, COMPARED TO 1971 COMMITMENTS OF \$887 MILLION AND 1970 COMMITMENTS OF \$593 MILLION.
INGERSOLL

UNCLASSIFIED

NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JUN 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TOKYO08217
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730632/aaaajslb.tel
Line Count: 138
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 15 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Oct-2001 by phillir0>; APPROVED <11-Jan-2002 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 980304
Subject: JAPAN' S FINANCIAL FLOWS TO DEVELOPING COUNTRIES IN 1972
TAGS: EAID, JA
To: EB
OECD PARIS
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005